

**February 17, 2009 Restructuring Plan Submitted to  
United States Department of the Treasury**



## Exchange Offer Information

- In connection with the proposed public exchange offers General Motors plans to file documents with the Securities and Exchange Commission, including filing a Registration Statement on Form S-4 and a Schedule TO containing a prospectus, consent solicitation and tender offer statement regarding the proposed transaction. Investors and security holders of GM are urged to carefully read the documents when they are available, because they will contain important information about the proposed transaction. Investors and security holders may obtain free copies of these documents (when available) and other documents filed with the SEC at the SEC's web site at [www.sec.gov](http://www.sec.gov) or by contacting Nick S. Cyprus at (313)556-5000.
- GM and its directors and executive officers may be deemed participants in the solicitation of proxies with respect to the proposed transaction. Information regarding the interests of these directors and executive officers in the proposed transaction will be included in the documents described above. Additional information regarding the directors and executive officers is also included in GM's proxy statement for its 2008 Annual Meeting of Stockholders, which was filed with the SEC on April 25, 2008, and additional information is available in the Annual Report on Form 10-K, which was filed with the SEC on February 28, 2008, respectively.



## Forward-Looking Statements

In this press release and in related comments by our management, our use of the words "expect," "anticipate," "ensure," "promote," "target," "believe," "improve," "intend," "enable," "continue," "will," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to comply with the requirements of our credit agreement with the U.S. Treasury; the availability of funding for future loans under that credit agreement; our ability to execute the restructuring plans that we have disclosed, our ability to maintain adequate liquidity and financing sources and an appropriate level of debt; and changes in general economic conditions, market acceptance of our products; shortages of and price volatility for fuel; significant changes in the competitive environment and the effect of competition on our markets, including on our pricing policies, financing sources and an appropriate level of debt; and changes in general economic conditions.



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## Agenda

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- Operational Aspects of Restructuring Plan
- Capitalization, Cash Flow & Potential Funding Mix
- Other Considerations



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## Overview

- Feb 17 Restructuring Plan addresses requirements set forth in Loan and Security Agreement (LSA) executed with UST on Dec 31, 2008
- Plan achieves positive net present value (NPV) using conservative industry assumptions
  - Positive NPV of ~\$5-14B using baseline industry assumptions
- Restructuring Plan delivers positive North American adjusted EBIT & adjusted operating cash flow by 2010
  - Additional and accelerated cost reductions have lowered North American breakeven adjusted EBIT U.S. industry level from 12.5-13.0M to 11.5-12.0M
- On a global basis, Restructuring Plan delivers positive adjusted EBIT by 2010 with adjusted operating cash flow approaching breakeven by 2011
- To support plan, TARP funding requirements of \$22.5B by 2011 under baseline and up to \$30.0B under downside sensitivity



## Funding Requirements

### Funding Requirements (\$ Billions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
<b>Dec 2 Downside Scenario</b>	4.0	12.0	2.0	0.0	18.0
<b>+ Additional Support For Maturing Credit Facilities</b>				4.5	4.5
<b>= February 17 Funding Requirements</b>	4.0	12.0	2.0	4.5	22.5

In a new lower industry downside sensitivity scenario, GM would require an additional \$7.5B by 2011



## Restructuring Plan Key Changes

Plan Element	December 2	February 17
2009 Global Industry Volume (units) <i>Memo: U.S. Industry Volume</i>	63.8M <i>12.0 M</i>	57.5M <i>10.5M</i>
2012 U.S. Market Share	20.5%	20.0%
U.S. Brand Consolidation Completed	No Date	2011
2012 U.S. Manufacturing Plant Count	38	33
Competitive Labor Cost Obtained	2012	2009
U.S. Breakeven Volume (units) on EBIT Basis	12.5 -13.0M	11.5-12.0M
Foreign Operations Restructuring	No	Yes
Financial Projections Through	2012	2014





## **Refocused U.S. Brands & Distribution Channel**

- Focusing both product development and marketing resources on 4 core brands (Chevrolet, Cadillac, Buick and GMC)
  - Pontiac positioned as focused niche brand
  - HUMMER sale or phase out decision by Q1 2009
  - Saab decision linked with global strategic review of brand
- Saturn to remain in operation through existing product life cycle
  - Absent sale or spin off, plan phase out at end of product lifecycle (2010 - 2011)
- Reflecting reduction in brands and move to “fewer & better” entries, expect number of nameplates to reduce from 48 in 2008, to 36 by 2012 (4 fewer than Dec 2 Plan)
- Feb 17 Restructuring Plan comprehends reduction to dealer operations from 6,246 in 2008 to 4,700 by 2012 and 4,100 by 2014
  - 3 core channels (Chevrolet, BPG & Cadillac)



## Product Plan

- Focus on fuel efficient passenger cars and crossover in future product portfolio
  - Currently offer 20 models that achieve 30 mpg highway, increasing to 23 by 2012 and 33 by 2014
  - Currently offer 6 hybrid models, increasing to 14 by 2012 and 26 by 2014
  - All new vehicle launches in the U.S. during 2009-2014 timeframe are cars or crossovers
- Planned Chevrolet Volt and 2 additional models sharing Volt's extended range electric vehicle technology
- January 19 announcement to construct new manufacturing facility in United States to build Lithium-Ion battery packs for the Volt
- Submitted two Section 136 loan applications in support of various "advanced technology" vehicle programs totaling \$8.4B
  - Third application currently being developed



## **U.S. Hourly Labor Cost**

- Agreed on special attrition program and suspension of JOBS program
- Significant progress on cost/work rules, representing major steps in narrowing competitive gap made as of Feb 17
  - Reached tentative agreement regarding modification to GM/UAW labor agreement
  - Subject to ratification by UAW membership
  - Revisions do not achieve full labor cost savings comprehended in financial projections
- Continue to work with UAW with regard to competitiveness, and will work on additional initiatives to ensure GM achieves cost reductions and financial targets comprehended in Plan



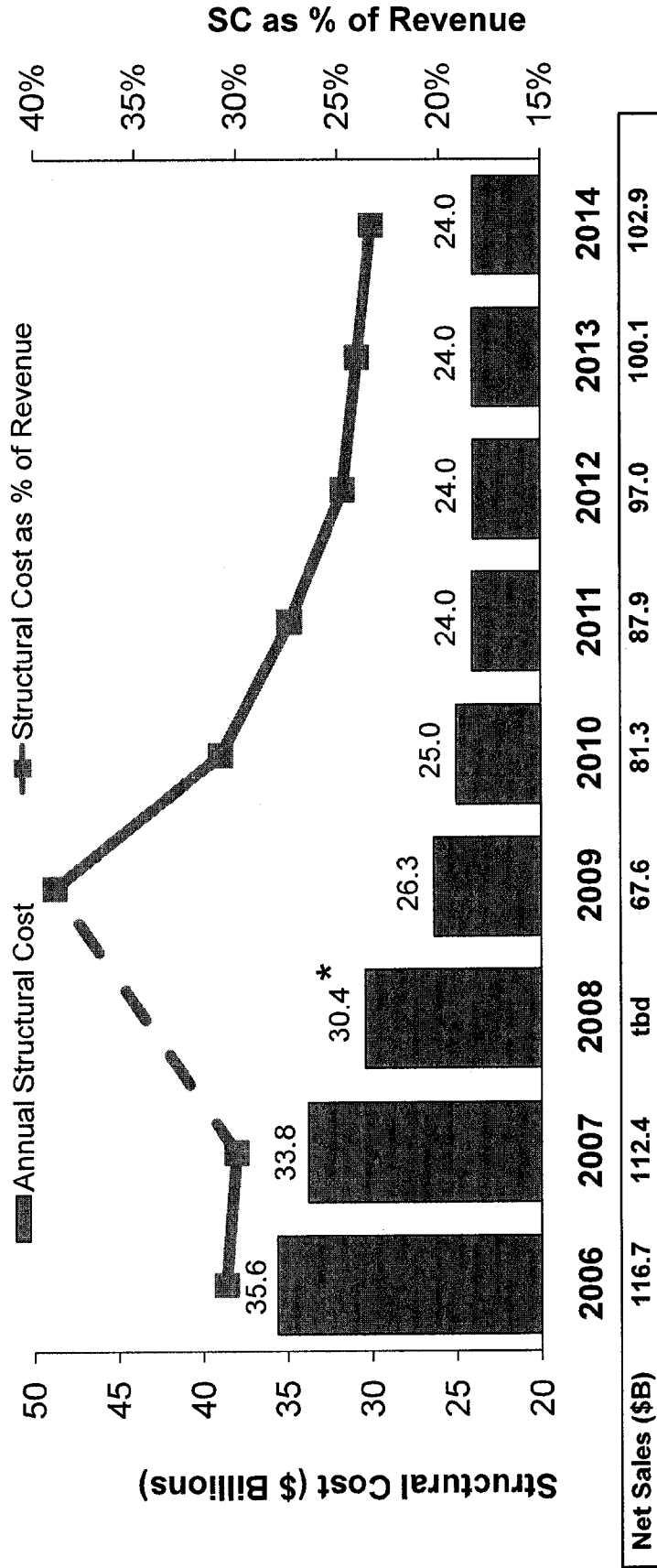
## Canada

- Need to restructure Canadian operations to improve cost competitiveness and mitigate legacy obligations
- CAW has committed to achieving hourly cost structure consistent with what is ultimately negotiated with the UAW
- Progress made with Canadian Federal and Ontario Governments related to securing long-term financial assistance
  - Considering agreement based on receiving proportional financial support to total provided to GM by the U.S. Government
- Canadian Federal & Ontario Governments and CAW agreements would enable GMCL to achieve long-term financial viability and enhance value of GM
  - Target finalization of all agreements by March 2009
- In event agreements cannot be reached, will re-evaluate future strategy for GMCL



## GMNA Structural Cost Outlook

- GMNA structural cost expected to significantly reduce due to:
  - Headcount reductions, capacity rationalization & competitive work rules
  - Brand consolidations and nameplate reductions



\* Preliminary



## Saab

- Currently have global Saab brand under strategic review and requesting Swedish Government support prior to sale
  - Specific proposal to cap GM's financial support
  - Saab operations effectively becoming an independent business entity effective Jan 1, 2010
- While hopeful that agreement can be reached with Swedish Government, Saab Automobile AB subsidiary could file for Reorganization as soon as this month



## **GM Europe**

- In discussion with European labor partners to achieve \$1.2B in labor cost reductions
  - Includes several possible closures/spinoffs of manufacturing facilities in higher cost locations
- Restructuring sales organization to become more brand focused and better optimize advertising spend
- Discussions with German Government for operational and balance sheet restructuring support
- Sustainable strategy for GME may include partnership with the German Government and/or other European governments
- Expect to resolve solvency issues for European operations prior to March 31, 2009



## GMNA Key Metrics

(\$ Billions)	Actual			Viability Plan						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Industry Volume (mil units)	20.2	19.6	16.6	13.0	15.2	17.1	18.9	19.4	19.8	
Memo: U.S. Industry	17.1	16.5	13.5	10.5	12.5	14.3	16.0	16.4	16.8	
GMNA Market Share	23.8%	23.0%	21.5%	21.1%	20.4%	19.5%	19.4%	19.3%	19.1%	
GM Factory Unit Sales (000's)	4,928	4,487		2,615	3,187	3,521	3,933	4,023	4,097	
Net Sales	116.7	112.4		67.6	81.3	87.9	97.0	100.1	102.9	
Aggregate Contribution Margin	35.4	34.2		20.8	24.9	26.8	29.7	30.9	31.2	
ACM as % Net Sales	30.4%	30.4%		30.8%	30.7%	30.5%	30.6%	30.9%	30.3%	
Structural Cost	35.6	33.8		26.3	25.0	24.0	24.0	24.0	24.0	
SC as a % Net Sales	30.5%	30.0%		39.0%	30.8%	27.4%	24.8%	24.0%	23.3%	
Adjusted Earnings Before Interest and Taxes (EBIT)	0.3	0.2		(5.2)	0.3	3.2	6.0	7.3	7.6	
Adjusted Earnings Before Taxes (EBT)	(1.6)	(1.5)		(7.8)	(2.6)	0.4	3.3	5.2	5.7	
Adjusted Operating Cash Flows (OCF)	(3.2)	(2.1)		(8.2)	1.0	2.1	6.0	7.0	7.3	

\* 2008 year-end financial data has not been released yet





## GM Global Key Metrics

(\$ Billions)	Actual			Viability Plan					
	2006	2007	2008*	2009	2010	2011	2012	2013	2014
Industry Volume (mil units)	67.6	70.7	67.2	57.5	62.3	68.3	74.3	78.6	82.5
GM Wholesale Volume (mil. units)	8.4	8.3	7.2	5.4	6.3	6.9	7.7	7.9	8.0
GM Market Share	13.5%	13.3%	12.4%	12.0%	12.7%	12.7%	13.0%	13.0%	12.6%
Net Sales	171.2	178.2		111.2	130.1	142.4	158.1	160.6	162.1
Aggregate Contribution Margin	52.9	54.9		33.4	40.0	44.3	49.5	50.5	50.4
ACM as % Net Sales	30.9%	30.9%		30.0%	30.7%	31.1%	31.3%	31.4%	31.1%
Structural Cost	52.9	53.5		43.3	40.0	39.6	40.2	40.4	40.3
SC as a % Net Sales	30.9%	30.1%		39.0%	30.8%	27.8%	25.5%	25.2%	24.9%
Adjusted Earnings Before Interest and Taxes (EBIT)	0.8	1.2		(10.2)	0.3	5.1	9.4	10.3	10.6
Adjusted Earnings Before Taxes (EBT)	(1.6)	(0.7)		(14.2)	(5.0)	(0.1)	4.3	5.9	6.2
Adjusted Operating Cash Flows (OCF)	(4.4)	(2.4)		(14.0)	(3.8)	(0.6)	6.6	6.5	6.4

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## Capitalization

- Draft term sheet for conversion of both UAW VEBA obligations (50% or more) and unsecured public debt (two-thirds or more) to equity, presented to UAW, their advisors and advisors to unofficial committee of unsecured bondholders on Jan 28, followed by revised term sheet on Feb 12
  - Pursuant to these terms, unsecured public debt would be converted to combination of new debt and equity, net debt reduction  $\geq$  \$18B
  - \$20B NPV of UAW VEBA and retiree "Paygo" healthcare obligations would be converted to new schedule covering 50% of current obligations with the other 50% converted to equity ownership in GM by the UAW VEBA trust
  - Substantial majority of pro forma equity would be distributed to exchanging bondholders and the UAW VEBA
- Negotiations progressing with advisors to the unofficial committee of unsecured bondholders
- Discussion with representatives of the UAW VEBA also progressing



# Baseline Global Cash Flow

## 2009 - 2014, Annual

(\$ Billions)	2009	2010	2011	2012	2013	2014
<b>Automotive Adjusted OCF Before Special Items</b>	<b>(14.0)</b>	<b>(3.8)</b>	<b>(0.6)</b>	<b>6.6</b>	<b>6.5</b>	<b>6.4</b>
Special Items*	(4.1)	(1.4)	(0.5)	(0.3)	(5.8)	(6.3)
<b>Automotive Adjusted OCF After Special Items</b>	<b>(18.1)</b>	<b>(5.1)</b>	<b>(1.1)</b>	<b>6.3</b>	<b>0.7</b>	<b>0.2</b>
GMAC Asset Carve-Out Cash Flows	1.0	0.5	-	-	-	-
GMAC Distributions & Other GMAC Flows	(0.8)	0.1	1.4	0.2	0.2	0.2
<b>Adjusted Cash Flow After GMAC Related Flows</b>	<b>(17.9)</b>	<b>(4.5)</b>	<b>0.3</b>	<b>6.5</b>	<b>0.9</b>	<b>0.3</b>
VEBA Contributions	-	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Debt Financing / Maturities	2.3	1.7	(5.3)	(3.2)	(3.6)	(2.7)
U.S. Government Funding	12.0	2.0	4.5	(3.0)	(2.9)	(2.9)
U.S. Pension Funding	-	-	-	-	5.9	6.4
Gov't Loan for GMAC Equity Rights Offering	0.9	-	(0.9)	-	-	-
Section 136 Loans	2.0	2.0	1.8	1.4	0.5	(0.0)
Other Non-Operating Cash Flows	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Net Cash Flow</b>	<b>(0.8)</b>	<b>(0.0)</b>	<b>(0.7)</b>	<b>0.5</b>	<b>(0.4)</b>	<b>(0.0)</b>
Memo:						
<b>Cash Balance</b>	<b>13.3</b>	<b>13.3</b>	<b>12.6</b>	<b>13.1</b>	<b>12.7</b>	<b>12.7</b>
Debt Balance	<u>45.3</u>	<u>51.1</u>	<u>51.2</u>	<u>46.3</u>	<u>46.2</u>	<u>47.0</u>
<b>Net Liquidity</b>	<b>(32.0)</b>	<b>(37.8)</b>	<b>(38.6)</b>	<b>(33.2)</b>	<b>(33.5)</b>	<b>(34.3)</b>
Memo:						
U.S. TARP Funding Support	16.0	18.0	22.5	19.5	16.6	13.7
U.S. Pension Funding	-	-	-	-	5.9	12.3
U.S. Gov't GMAC Rights Offering Loan	0.9	0.9	-	-	-	-
U.S. Gov't Warrant Notes Payable	0.7	0.7	0.7	0.7	0.7	0.7
Section 136 Loan Principal	2.0	4.0	5.8	7.2	7.7	7.6
Total U.S. Government Funding	19.6	23.7	29.1	27.5	30.9	34.4
Incremental Funding Requirements**	4.0	6.0	6.0	4.0	3.0	1.5
Total Funding Requirements	23.6	29.7	35.1	31.5	33.9	35.9

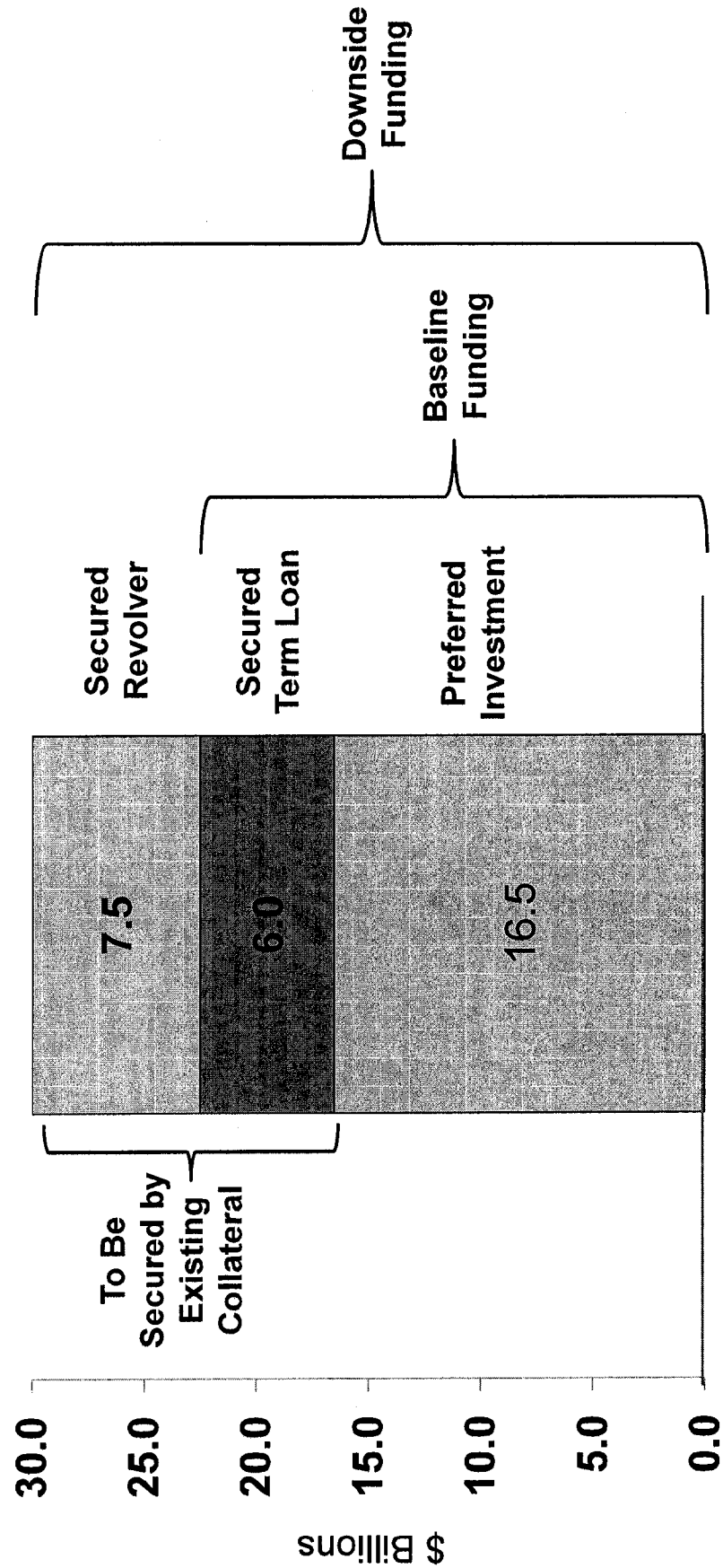
\* Includes asset sales, cash restructuring costs and U.S. pension contributions

\*\* From foreign governments or other sources

Note: Debt balances stated on a managerial basis



## Potential Funding Mix





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## Other Considerations

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- Current state of U.S. supply base
  - Propose Government create credit insurance / Government sponsored factoring program for GM receivables
- Delphi
  - Restructuring Plan assumes near-term liquidity support and contemplates the purchase of certain U.S. sites
- Bankruptcy
  - Restructuring best achieved outside bankruptcy process
  - Risk of revenue loss, potential customers have many choices
  - Historical analysis suggests bankruptcy process likely to take longer than anticipated



## Summary

- Restructuring Plan comprehensively addresses revenues, costs and balance sheet for both U.S. and foreign operations using conservative assumptions
  - Reduction in brands, nameplates and retail outlets
  - Competitive hourly and salaried compensation by Jan 2010
  - International restructuring
  - Balance sheet restructuring
- Expect restructuring actions to lead to profitable North American operations on a adjusted EBIT basis at 11.5-12.0M U.S. industry, down from Dec 2<sup>nd</sup> 12.5-13M U.S. industry
- Forecast positive Automotive adjusted EBIT by 2010 with adjusted operating cash flow approaching breakeven by 2011
- Restructuring Plan delivers positive NPV of ~\$5-14B using baseline industry assumptions